

December 16, 2011

On December 15, 2011, Québec's Minister of Sustainable Development, Environment and Parks, Pierre Arcand announced the adoption of the Regulation respecting the cap-and-trade system for greenhouse gas emission allowances, which is based on the rules established by the Western Climate Initiative (WCI).

"Cap-and-trade systems for emission allowances are recognized as one of the most effective and least costly economic tools for reducing greenhouse gas (GHG) emissions. By adopting this regulation, Québec acquires the means to achieve the transition toward a green, sustainable and prosperous economy", declared Minister Arcand.

Québec thus officially steps to the starting line, next to California. The first year of implementation of the system will be a transition year. It will begin on January 1, 2012 and will allow emitters and participants to familiarize themselves with how the system works. Over the course of the year, emitters will also be able to make any adjustments that may be necessary to meet their obligations under the system for capping and reducing GHG emissions, which will come into force on January 1, 2013.

Industrial establishments subject to the system are those that emit 25 000 tonnes or more of CO₂ equivalent per year. Note however that starting in 2015, companies that import or distribute in Québec fuels that are used in the transportation and building sectors (and whose combustion generates an amount of GHGs greater than or equal to 25 000 tonnes of CO₂ equivalent per year) will also be subject to the capping and reduction of their emissions.

For all participating members of the WCI, the adoption of a regulation establishing a cap-and-trade system for GHG emission allowances is the first of two main steps toward the emergence of a regional North American carbon market. The second step will consist of concluding a series of recognition agreements, between the different partners, to link their systems together.

"The results of the international conference on climate change at Durban show clearly that

regional initiatives like the WCI play a key role in efforts to reduce GHG emissions worldwide. Québec is one of the leaders in the fight against climate change, and that is something to be proud of," concluded the Minister.

More information, including links to the text of the regulation, is available on the website of the Ministère at: <http://www.mddep.gouv.qc.ca/changements/carbone/Systeme-plafonnement-droits-GES-en.htm>